United Nations A/67/837

General Assembly

Distr.: General
15 April 2013

Original: English

Sixty-seventh session
Agenda item 146
Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Updated financial position of closed peacekeeping missions as at 30 June 2012

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the updated financial position of closed peacekeeping missions as at 30 June 2012 (A/67/739). During its consideration of the report, the Committee met with representatives of the Secretary-General who provided additional information and clarification, concluding with written responses received on 5 April 2013.

2. In paragraphs 1 to 6 of his report, the Secretary-General provides an update on the cash position of the 24 closed peacekeeping missions as at 30 June 2012. He indicates that, as at that date, 19 of the 24 closed missions had cash surpluses available for credit to Member States totalling approximately $28.2 million (see table 2), and five closed missions had cash deficits totalling $86.7 million owing to outstanding payments of assessed contributions (see tables 3 and 4). The net cash balance in closed peacekeeping missions available for credit to Member States as at the same date amounted to $28.2 million (see table 1). The Secretary-General explains, in paragraph 4, that the cash balance does not take into account the $10.8 million owed by closed missions to other closed missions and $51.0 million owed by three active missions to closed missions.

3. Upon enquiry, the Advisory Committee was informed that as at 25 February 2013, the net cash available for credit to Member States had increased to $46.7 million following the repayment of some $18.5 million owed by active peacekeeping missions, lowering the amount owed by active peacekeeping missions to $32.5 million. **The Committee expects that, in accordance with General Assembly resolution 65/293, the cash surplus available for credit to Member States will be returned in full and in a timely manner (see also para. 6 below).**

13-29051 (E) 180413

Please recycle

II. Outstanding dues to Member States from closed missions

4. In paragraph 7 of its resolution 65/293, the General Assembly requested the Secretary-General to submit for its consideration and approval concrete proposals and alternatives to address the issue of outstanding dues to Member States from closed peacekeeping missions that are in net cash deficit. The Secretary-General discusses the issue in paragraphs 7 to 10 of his report and offers a new proposal to address it. The proposal entails using the total cash assets available in all closed missions, amounting to $262.5 million, to settle liabilities amounting to $258.8 million, comprising amounts still due to Member States in closed missions with cash surpluses ($182.9 million); outstanding claims owed to troop-contributing countries in closed missions with cash deficits ($63.1 million); and the amount owed to the Peacekeeping Reserve Fund ($12.8 million) (see table 5).

5. **The Advisory Committee recognizes that the Secretary-General's proposal could help to resolve the long-outstanding issue of unpaid claims to troop-contributing countries. The Committee notes, however, that the bulk of the outstanding claims relate to closed missions in cash deficit, whereas the funds proposed by the Secretary-General to settle the claims are in closed missions with cash surpluses, which, as a matter of principle, should be returned to Member States. In this regard, the Committee reiterates the view that implementing such a proposal would mean utilizing resources due to Member States that have paid their assessed contributions in full to meet the financial obligations to the Organization of Member States that have not paid their assessed contributions (A/66/713, para. 11).**

6. Upon enquiry, the Advisory Committee was informed that the Secretary-General's proposal did not include the settlement of the amount of $10.8 million owed by two closed peacekeeping missions in deficit to closed peacekeeping missions with cash surpluses because the amount represented cross-borrowings between closed missions. This amount was therefore not necessary to settle the overall amounts owed to Member States. The Committee was further informed that the settlement of the $10.8 million would depend on the receipt of payments from Member States that are in arrears in their payments to those closed peacekeeping missions. Upon further enquiry, the Committee was provided with the list of amounts, totalling $81.5 million, owed in respect of claims from troop-contributing countries as at 30 June 2012. The total comprises $63.1 million owed to troop-contributing countries by closed missions in net cash deficit and $18.4 million owed to troop-contributing countries by closed missions with cash surpluses. **The Committee recalls the repeated calls by the General Assembly for all Member States to pay their assessed contributions in full, on time and without conditions (see resolution 65/293). In that regard, the Committee recommends that the Secretary-General be requested to use his good offices and engage Member States in seeking to resolve the issue of unpaid contributions.**

III. Cash requirements of the Organization

7. The Secretary-General discusses the cash requirements of the Organization in paragraphs 11 to 13 of his report and indicates that cash surpluses of closed missions are being used to alleviate the cash shortages of active peacekeeping missions because of the unpredictability of the receipt of assessed contributions. He

further states that the time lag between the issuance of notifications to Member States and the receipt of assessed contributions often ranges from 60 to 120 days. Pending the payment of assessed contributions, any cash shortfalls for active missions are met from loans from closed peacekeeping missions.

8. Upon enquiry, the Advisory Committee was provided with information showing that, as at 30 June 2012, the average duration of loans from closed missions to active peacekeeping missions was 5.5 months (see annex I). The Committee notes that during the same period, the cumulative amount borrowed from closed missions by active missions grew from $30 million in 2009/10 to $89 million in 2010/11 to $118 million in 2011/12. The Committee further notes that the level of borrowing peaked at $81 million in August 2011. Taking into account the loans repaid in the same period, the Committee notes that the amount owed by active missions to closed missions stood at $51.0 million as at 30 June 2012 (see annex II) and $32.5 million as at 25 February 2013. **The Committee is concerned about the continuing reliance on surpluses in closed peacekeeping missions for the cash requirements of active missions. In this regard, the Committee reiterates the importance of delinking the cash flow requirements of active peacekeeping missions from the cash surpluses in closed missions that should be returned to Member States (A/66/713, para. 6).**

9. In order to address the issue of cash shortages in active peacekeeping missions, the Secretary-General, in paragraph 13 of his report, proposes that the General Assembly authorize temporary borrowing between active peacekeeping missions, which is currently not permitted according to the terms of the Assembly's resolutions on the financing of peacekeeping operations. He argues that his proposal is not expected to have a negative impact on the operations of any active peacekeeping mission, as past data on the cash requirements of active missions show that their temporary requirements for cross-borrowing have consistently been relatively minor compared with the total cash position of all active peacekeeping operations at any point in time. **The Advisory Committee is concerned that the Secretary-General's proposal provides no details as to the criteria, amounts and duration of any such borrowings between active missions.**

10. Upon enquiry, the Advisory Committee was informed that the inherent unpredictability of the payment of contributions and the lack of any discernible pattern in the volume and timing of cross-borrowings in the past made it impossible to set any definite limits on either the volume or the duration of the proposed inter-mission borrowing. The Committee was also informed that the borrowings would be authorized by the Controller on a case-by-case basis, based on a regular review of the forecasted cash requirements of each peacekeeping mission and the anticipated receipt of assessed contributions. It was also indicated that, in line with current practice, no interest would be charged on such inter-mission borrowings.

11. **The Advisory Committee recognizes that the Secretary-General's proposal, by allowing the utilization of cash surpluses of active peacekeeping missions, could help to address the cash shortfalls of other active peacekeeping missions, hence breaking the reliance on the cash surpluses of closed missions. Such a measure would allow the return to Member States of cash surpluses in closed missions, which are currently retained in order to manage the cash shortfalls in active peacekeeping operations.**

12. **The Advisory Committee is of the view, however, that the approval of borrowing among active missions without limits and safeguards, even if the amounts are small relative to the total cash position of active missions, would not be prudent. Moreover, the Committee cautions that the proposal could be an inducement to the late payment of assessed contributions. Furthermore, the Committee notes that the Secretary-General's proposal does not address its reservations with regard to utilizing resources due to Member States that have paid their assessed contributions in full and on time to meet the financial obligations to the Organization of Member States that have not paid their assessed contributions in a timely manner.**

13. During its consideration of the report of the Secretary-General, the Advisory Committee requested information to help it determine how much of the cash balance available in closed peacekeeping missions as at 30 June 2012 was attributable to interest income. The Committee was informed that the Secretariat was not in a position to determine how much of the $211.5 million cash balance was attributable to interest income because it comprised balances from several sources and time periods, which had gone through several cash returns to Member States. Therefore, the ties between the cash balance and its original sources could not be established.

14. Upon request, the Advisory Committee was provided with information showing that, of the total amount of $22.04 billion that had been assessed on all closed peacekeeping missions for the duration of their respective mandates, contributions totalling $21.62 billion had been received as at 30 June 2012. The information also showed that the cumulative interest income earned from the total contributions as at the same date amounted to $550.8 million.

15. The Advisory Committee enquired as to what actions had been taken with regard to its earlier suggestion on interest earned and interest accrued (A/66/713, para. 12). The Committee was informed that the Secretariat had not proposed any changes to the financial regulations pertaining to interest earned and interest accrued insofar as they relate to cash balances and possible interest on cash loaned internally, because the General Assembly had not indicated its position on the matter. It was also noted by the representatives of the Secretary-General that an earlier proposal to charge interest on unpaid assessed contributions had not been approved by the Assembly (A/60/846/Add.3) and consequently interest was not being charged on outstanding assessments receivable from Member States or accrued on outstanding amounts payable to Member States. **The Committee recommends that the Assembly request the Secretary-General to consult with other United Nations system entities in order to determine what lessons can be drawn from their experience in managing unpaid assessments.**

16. **In addition to the proposals contained in the report currently under consideration, the Advisory Committee recalls past proposals to address the cash requirements of peacekeeping missions, such as applying available credits against outstanding contributions and expanding the terms of the Peacekeeping Reserve Fund to cover the operational requirements of ongoing missions (A/65/556, para. 12). The Committee recommends that the General Assembly request the Secretary-General to review those proposals in view of the continued borrowing by active peacekeeping missions and also consider other possible alternatives, such as the feasibility of establishing a working capital fund for peacekeeping missions. The Committee further recommends that the**

Secretary-General be requested to report on all proposals, including a more detailed version of his proposal to allow borrowing between active missions, in his next report on closed peacekeeping missions.

IV. Recommendations

17. The actions to be taken by the General Assembly are set out in paragraph 14 of the report of the Secretary-General. **In view of its comments and observations in the preceding paragraphs, the Advisory Committee recommends that the Assembly approve the retention of the net cash balance of $28.2 million available in 19 closed peacekeeping missions as at 30 June 2012. The Committee further recommends that the updated cash balance be provided to the Assembly at the time of its consideration of the report of the Secretary-General.**

Annex I

Loans from closed missions for the three-year period from 1 July 2009 to 30 June 2012

(Millions of United States dollars)

Loan							
To	*From*	*Amount*	*Amount repaid*	*Closing balance, 30 June 2012*	*Month loaned*	*Month repaid*	*Months outstanding until 30 June 2012*
Loans to closed missions							
MINURCA	UNMIH	3.2	–	3.2	August 1999	–	148
MINURCA	UNPF	0.2	–	0.2	August 1999	–	148
UNSMIH	UNMIH	7.4	–	7.4	August 1999	–	148
Total		**10.8**	**–**	**10.8**			**444**
Average duration of loans as at 30 June 2012							**148.0**
Loans to active missions							
UNOMIG	UNPF	2.0	2.0	–	December 2008	October 2009	10
UNOMIG	UNPF	3.0	3.0	–	September 2009	March 2010	6
MINURSO	UNPF	2.5	2.5	–	August 2008	October 2009	14
MINURSO	UNPF	4.0	4.0	–	January 2009	October 2009	9
MINURSO	UNPF	3.5	3.5	–	February 2009	October 2009	8
MINURSO	UNPF	6.0	6.0	–	April 2009	March 2010	11
MINURSO	UNPF	4.5	4.5	–	December 2009	September 2010	9
MINURSO	UNPF	3.5	3.5	–	January 2010	September 2010	8
MINURSO	UNPF	4.0	4.0	–	February 2010	September 2010	7
MINURSO	UNPF	6.4	6.4	–	August 2010	September 2010	1
MINURSO	UNPF	3.5	3.5	–	January 2011	September 2011	8
MINURSO	UNPF	3.0	3.0	–	February 2011	September 2011	7
MINURSO	UNPF	4.5	4.5	–	April 2011	September 2011	5
MINURSO	UNPF	4.0	4.0	–	May 2011	September 2011	4
MINURSO	UNPF	5.5	5.5	–	June 2011	September 2011	3
MINURSO	UNPF	2.5	2.5	–	July 2011	September 2011	2
MINURSO	UNPF	5.5	5.5	–	July 2011	October 2011/ June 2012	11
MINURSO	UNPF	5.0	1.0	4.0	November 2011	June 2012	7
MINURSO	UNPF	6.5	–	6.5	February 2012	–	4
MINURSO	UNAMIR	6.0	–	6.0	June 2012	–	–
UNMIK	UNPF	6.5	6.5	–	February 2011	September 2011	7
UNMIK	UNPF	7.0	6.5	0.5	April 2011	September 2011	5
UNMIK	UNPF	7.5	–	7.5	June 2011	–	12
UNMIK	UNMIH	8.5	–	8.5	July 2011	–	11
UNMIK	UNPF	6.0	–	6.0	November 2011	–	7

Loan							
To	*From*	*Amount*	*Amount repaid*	*Closing balance, 30 June 2012*	*Month loaned*	*Month repaid*	*Months outstanding until 30 June 2012*
UNMIK	UNPF	9.0	–	9.0	April 2012	–	2
UNMIT	UNPF	15.0	15.0	–	January 2010	March 2010	2
UNMIT	UNAMIR	10.0	10.0	–	July 2011	September 2011	2
UNMIT	UNAVEM	8.0	8.0	–	July 2011	September 2011	2
UNMIT	UNPF	13.0	13.0	–	February 2012	March 2012	1
UNMIT	UNAVEM	4.0	4.0	–	February 2012	March 2012	1
UNFICYP	UNPF	4.0	4.0	–	December 2010	February 2011	2
UNFICYP	UNAVEM	5.0	5.0	–	August 2011	January/March 2012	7
UNOCI	UNPF	12.0	12.0	–	September 2011	September 2011	–
UNSOA	UNPF	14.0	14.0	–	November 2011	January 2012	2
UNSMIS	UNAVEM	3.0	–	3.0	June 2012	–	–
Total		**217.9**	**166.9**	**51.0**			**197**
Average duration of loans as of 30 June 2012							**5.5**

Abbreviations: MINURCA, United Nations Mission in the Central African Republic; MINURSO, United Nations Mission for the Referendum in Western Sahara; UNAMIR, United Nations Assistance Mission for Rwanda; UNAVEM, United Nations Angola Verification Mission; UNFICYP, United Nations Peacekeeping Force in Cyprus; UNMIH, United Nations Mission in Haiti; UNMIK, United Nations Interim Administration Mission in Kosovo; UNMIT, United Nations Integrated Mission in Timor-Leste; UNOCI, United Nations Operation in Côte d'Ivoire; UNOMIG, United Nations Observer Mission in Georgia; UNPF, United Nations Peace Forces; UNSMIH, United Nations Support Mission in Haiti; UNSMIS, United Nations Supervision Mission in the Syrian Arab Republic; UNSOA, United Nations Support Office for the African Union Mission in Somalia.

Annex II

Loans, repayments and average level of cross-borrowings by active missions from closed missions for the three-year period from 1 July 2009 to 30 June 2012

(Millions of United States dollars)

Financial year/month	*Loans*	*Repayments*	*Balance*	*Yearly average*
2009/10				
July	–	–	18.0	
August	–	–	18.0	
September	3.0	–	21.0	
October	–	(12.0)	9.0	
November	–	–	9.0	
December	4.5	–	13.5	17.0
January	18.5	–	32.0	
February	4.0	–	36.0	
March	–	(24.0)	12.0	
April	–	–	12.0	
May	–	–	12.0	
June	–	–	12.0	
2010/11				
July	–	–	12.0	
August	6.4	–	18.4	
September	–	(18.4)	–	
October	–	–	–	
November	–	–	–	
December	4.0	–	4.0	13.5
January	3.5	–	7.5	
February	46.5	(41.0)	13.0	
March	–	–	13.0	
April	11.5	–	24.5	
May	4.0	–	28.5	
June	13.0	–	41.5	

Financial year/month	*Loans*	*Repayments*	*Balance*	*Yearly average*
2011/12				
July	34.5	–	76.0	
August	5.0	–	81.0	
September	12.0	(66.0)	27.0	
October	–	(3.0)	24.0	
November	25.0	–	49.0	
December	–	–	49.0	47.5
January	–	(18.0)	31.0	
February	23.5	–	54.5	
March	–	(18.0)	36.5	
April	9.0	–	45.5	
May	–	–	45.5	
June	9.0	(3.5)	51.0	
Average loan level for the three financial years				**26.0**